



**METROPOLITAN
TRANSPORTATION
COMMISSION**

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4

Memorandum

TO: Administration Committee

DATE: February 4, 2009

FR: Deputy Executive Director, Operations

W.I.:

RE: Investment Report for December 2008

In accordance with the adopted investment policy, attached are the comprehensive investment holdings for MTC and all operating units.

Total funds under MTC management are just under \$3.0 billion. A breakdown by fund is as follows:

<u>Fund</u>	<u>Balance (\$ million)</u>	<u>% of Total</u>
BATA RM1*	\$ 1,061.9	36.4%
BATA Debt Service Reserve	270.6	9.2%
BATA Seismic	713.0	24.4%
BATA Trustee Funds	13.8	0.5%
BATA 2007 Bond Proceeds	242.9	8.3%
BATA RM2	158.1	5.4%
BAIFA	171.1	5.9%
MTC	179.6	6.2%
FasTrak® (Customer Deposits)	44.4	1.5%
BART Car Exchange Program	48.2	1.7%
SAFE	11.2	0.4%
RAFC	1.5	0.1%
Portfolio Total	\$ 2,916.3	100.0%

*includes rehab, reserves, capital

The Bay Area Infrastructure Financing Authority (BAIFA) funds are held in trust for both project and reserve funds that will be used for seismic retrofit purposes. The BART Car Exchange fund is held in trust for future replacement of BART cars.

The portfolio consists mainly of Government Sponsored Enterprises (GSEs). The portfolio breakdown is as follows:

<u>Security Holding</u>	<u>Portfolio Composite</u>	<u>Policy Limits</u>
Fed Home Loan Bank	45.9%	No limit
Fed Home Loan Mortgage	28.4%	No limit
Fed Farm Credit Bank	1.5%	No limit
Tennessee Valley Auth	0.3%	No limit
Cash	6.3%	No limit
Negotiable Certificates of Deposit	0.3%	10% portfolio
Gov't Pools	0.1%	No limit
Municipal Bonds	6.8%	No limit
Mutual Funds	6.0%	20% Portfolio/10% One Fund
Blackrock (BATA Trustee)	0.7%	Trustee Funds – No limit
Goldman Sachs (BAIFA)	3.7%	Trustee Funds – No limit
Portfolio Total	100.0%	

Funds held by trustee are subject to permitted investments authorized in the approved issuing documents and are not subject to mutual fund limits as defined in the MTC Investment Policy.

The MTC portfolio holds \$131.8 million in variable rate demand bonds (VRDOs) issued by various California local agencies. The VRDOs are recognized as short term investments (30 days) for accounting classification purposes even though the various securities have maturities up to 30 years. The classification as short term investments is possible because VRDOs have “liquidity instruments” that allow the bonds to be “put” to the liquidity bank at any time with seven days notice.

BAIFA and BATA have recently added the following VRDOs to their investment holdings:

- LA County Transportation Commission
\$27.1 million/FGIC insured (CCC/Caa1/NR (Fitch)/ negative
Underlying ratings Aa3/AAA
Bayerische Landesbank liquidity (A1/P1)

MTC agency holdings include \$186.8 million (6.4%) in floating rate securities, including \$131.8 million issued by California agencies.

If there are any questions, please contact Brian Mayhew at (510) 817-5730.

Ann Flemer

SH:SW